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0000045928

**BEFORE THE ARIZONA CORPORATION COMMISSION**

CARL J. KUNASEK  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
WILLIAM A. MUNDELL  
COMMISSIONER

1999 OCT 15 P 3:00

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE JOINT  
APPLICATION OF SUN CITY WATER  
COMPANY AND SUN CITY WEST  
UTILITIES COMPANY FOR APPROVAL OF  
CENTRAL ARIZONA PROJECT WATER  
UTILITIZATION PLAN AND FOR AN  
ACCOUNTING ORDER AUTHORIZING A  
GROUNDWATER SAVINGS FEE AND  
RECOVER OF DEFERRED CENTRAL  
ARIZONA PROJECT EXPENSES.

DOCKET NO. W-01656A-98-0577  
SW-02334A-98-0577

**NOTICE OF FILING  
TESTIMONY SUMMARIES**

Citizens Utilities Company hereby provides Notice of Filing Testimony  
Summaries for Carl W. Dabelstein, Ray L. Jones, Terri Sue C. Rossi, and Blain H.  
Akine in the above-referenced docket.

RESPECTFULLY SUBMITTED this October 15, 1999.

Arizona Corporation Commission

**DOCKETED**

OCT 15 1999

DOCKETED BY

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Original and ten copies filed this  
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CAP Notice of Filing Testimony Summaries

**SUMMARY OF THE TESTIMONY OF CARL W. DABELSTEIN**

In Mr. Dabelstein's testimony he:

- Adopts and updates the direct testimony of Charles Loy;
- Introduces the concept of a "Groundwater Project Savings Fee" to be implemented for purposes of recovering both deferred CAP capital payments and on-going CAP costs associated with the "Interim" solution recommended by the CAP Task Force;
- Summarizes the CAP capital payments that have been deferred pursuant to Commission Decision No. 58750 (August 1994) and for which recovery is sought as part of the Groundwater Project Savings Fee;
- Identifies the portions of the CAP capital payments made by Sun City Water that are applicable to the CAP allocation reassigned to Sun City West and the Agua Fria Division;
- Develops the levelized monthly revenue requirement associated with the deferred CAP capital payments applicable to Sun City and Sun City West;
- Develops the monthly revenue requirement associated with the on-going CAP costs (both capital and delivery) associated with the "Interim" solution; and
- Computes the components of the Groundwater Project Savings Fee for Sun City and Sun City West, producing a flat monthly charge per household for residential customers and a volumetric rate for commercial customers.

**SUMMARY OF THE TESTIMONY OF RAY L. JONES**

Mr. Jones' testimony provides a regulatory history associated with Citizens' Central Arizona Project ("CAP") water. Two significant Arizona Corporation Commission ("Commission") Decisions are discussed. The first, Decision 58750 dated August 31, 1994, allowed Citizens to defer CAP capital charges for consideration for future regulatory recovery. The second, Decision 60172, was the result of Citizens' requesting regulatory recovery of the deferred costs. Mr. Jones explains that Decision 60172 was comprehensive in nature addressing many aspects of the CAP issue. Specifically, Mr. Jones referenced the following points from Decision 60172:

1. Existing customers contribute to the groundwater depletion of the aquifer, land subsidence, and other environmental damage;
2. The consequences of such excessive groundwater withdrawal include decreased water levels, diminished water quality, well failures, increased pumping costs and more land subsidence;
3. Citizens' decision to obtain CAP water was a prudent planning decision;
4. Existing customers will benefit from Citizens' CAP allocation since its use helps to prevent diminished water quality, well failures and additional land subside, and it protects customer's economic investment in the area; and
5. Subject only to the condition that Citizens develop a plan and date of implementation by December 31, 2000, Citizens was allowed to defer CAP capital costs for future rate recovery when the CAP is put to beneficial use.

Mr. Jones explains that these findings fully address many of the issues raised by the Sun City Taxpayers Association in this proceeding. He explains why the Commission should not revisit issues it has already decided. He explains that Citizens has met the requirements of Decision 60172, and, therefore, it is appropriate for the Commission to now implement the rate recovery required by Decision 60172.

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2 Mr. Jones explains that the CAP water use plan presented by Citizens in this  
3 case is the result of an extensive community based planning process. Mr. Jones  
4 explains how Citizens came to recognize that CAP water was a community  
5 resource and that the community should decide how it should be used. He  
6 explains how Citizens formed the CAP Task Force to independently evaluate CAP  
7 water use options available to the communities. He explains why the benefits of  
8 various CAP water use plans are best evaluated by the communities themselves.  
9 Mr. Jones explains why Citizens fully supports the plan adopted by the CAP Task  
10 Force and why the Commission should approve the plan.

**SUMMARY OF THE TESTIMONY OF TERRI SUE C. ROSSI**

In her direct testimony, Ms. Rossi addresses three primary areas. First, she explains the process by which a portion of Sun City Water Company's CAP allocation was reassigned to the Agua Fria Division. Second, she describes the formation of the CAP Task Force and its recommendation. Finally, Ms. Rossi discusses the regulatory benefits of using CAP water.

In her rebuttal testimony, Ms. Rossi addresses four primary areas. In response to the direct testimony of the Sun City Taxpayers Association (SCTA), Ms. Rossi discusses SCTA's opposition to CAP water and to the Task Force's recommendation. She also explains how assured water supply determinations, as referred to in SCTA's testimony, do not mean that Citizens' CAP allocation should be relinquished today. In response to RUCO's testimony, Ms. Rossi provides support for the Task Force's recommendation describing reasons why the groundwater savings facility with the golf courses is the best option. Finally, Ms. Rossi explains how water conservation and using CAP water are two different tools used to attain safe yield and that every groundwater user, not just those who are responsible for exceeding conservation requirements, is causing the need for CAP water.

In her rejoinder testimony, Ms. Rossi addresses each of SCTA's arguments opposing the use of CAP water in Sun City as described in SCTA's surrebuttal. She also addresses SCTA's arguments regarding the use of CAP water on privately owned golf courses. In response to RUCO's surrebuttal testimony, Ms. Rossi explains why those who exceed conservation requirements are no more or less responsible for the costs of CAP than any other water users. She discusses bill frequency analyses to demonstrate that RUCO's proposal unfairly burdens meters of 1 inch or greater. Finally, Ms. Rossi demonstrates how RUCO's rate design would unfairly burden a typical customer residing in a landscaped, master-metered, residential community in Sun City West

**SUMMARY OF THE TESTIMONY OF BLAINE H. AKINE**

In Mr. Akine's testimony, he stated:

- The CAP Task Force's recommended plan for using CAP water on the Sun City and Sun City West golf courses is a valid plan even prior to entering into enforceable contracts with the golf courses. By evaluating available options and formulating a plan, the Task Force completed the critical first step in the very complex process of bringing CAP water to the Sun Cities. Once the plan is approved, then it will be appropriate to obtain all required agreements, including the golf course contracts, and to embark on the detailed engineering design process.
- The plan and cost estimates prepared by Brown and Caldwell for the Task Force's recommended plan (Option 4) are valid and based on conservative but realistic engineering estimates. The plan was intentionally based on conservative assumptions to compensate for the numerous unknowns that could not be fully analyzed during the CAP Task Force process. This insured that the CAP Task Force was given a valid option to consider rather than an option that could prove to be invalid upon detailed engineering analysis. The Brown and Caldwell plan and estimates were created to provide the Task Force with information to compare the various proposed options and were never intended to be a final design for the project.
- The idea proposed by Mr. Hustead to combine the Sun Cities groundwater recharge project with the Agua Fria Divisions future CAP project is not a valid alternative for two main reasons:
  1. The timing of required physical delivery of CAP water to the Agua Fria Division, which coincides with the anticipated customer growth within the Division, differs from the timing plan proposed by the CAP Task Force; and
  2. Since the Agua Fria Division customers are also Maricopa Water District

(MWD) shareholders, the MWD Beardsley Canal presents a major opportunity for transportation of CAP water into the Agua Fria Division. Therefore a CAP transmission pipeline may not even be required for the Agua Fria Division.